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Second country cooperation framework for Bulgaria (2002-2005)

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Introduction

1. The second country cooperation framework (CCF) for Bulgaria covers the period 2002-2005 and is the result of extensive consultations between the Government and UNDP. The CCF also reflects the analysis and recommendations emerging from the country review and Common Country Assessment exercises undertaken in 2000, as well as the analysis contained in the *National Human Development Reports* (NHDRs) for 1997, 1998, 1999, 2000 and 2001. It outlines the agreed strategy and areas of focus for all UNDP cooperation for the period, taking into account the activities and plans of other international, regional and bilateral governmental and non-governmental partners, including the World Bank, the European Union (EU) and key bilateral donors. Towards this end, the UNDP role will be to highlight the social sector needs of the population, especially those of vulnerable groups, as the country works towards EU accession.

I. Development situation from a sustainable human development perspective

2. Beginning in 1989, the transition period in Bulgaria has been one of the harshest in Central and Eastern Europe. Although accompanied by gains in terms of human rights and civil liberties, the past 12 years have also been marked by a decline in living standards for a large proportion of the population. Many Bulgarians have experienced poverty, decreasing incomes, rising unemployment and greater inequality and insecurity. At the same time, the Government is working to improve the rule of law and strengthen its key governance institutions, which will help to secure the country's aspirations for democracy and a free-market economy.

3. Following an economic crisis in 1996/1997, Bulgaria's economic fortunes began to improve. Between 1997 and 2000, gross domestic product growth increased from -7 per cent to 4.5 per cent and is projected to increase to 5 per cent in 2001. This has, however, been offset by only incremental improvements in the social sphere. Bulgaria's human development index (HDI) rank fell from 33 in 1991 to 69 in 1997 (HDI 0.780). Since then it has risen slightly to 67 in 1998 (0.789) and to 57 (0.772) in 2001. While Bulgaria does not have an official poverty line, different measures of poverty indicate that at least one fifth (22 per cent) of the Bulgarian population live in absolute poverty, and the standard of living of the average Bulgarian household falls far short of Western European norms. With the average wage standing at a little over $100 per month (one of the lowest wage levels in Europe) and unemployment remaining stubbornly high at almost 20 per cent, many people, particularly the young and highly skilled, are choosing to emigrate, continuing a trend which began in the early 1990s. Ethnic minorities and pensioners have been hardest hit by the social consequences of the transition period, and inadequacies in the system of governance pre-dating the start of the transition process have been exposed, particularly with relation to other vulnerable groups, such as women, institutionalized children, people with disabilities and refugees. In addition, the country faces the threat of the potential spread of the HIV/AIDS pandemic. Although the number of officially registered cases at present is small (some 300 cases by end 2000) trends in sexual behaviour and drug abuse, especially among young people, give cause for concern.

4. The reform process since 1997 has placed emphasis on building the capacity of institutions responsible for promoting good governance; at the same time, local governance agents have found it difficult to move out of the shadow of central government authority. The capacities of municipalities to take decisions and to effect local planning need to be strengthened. Such issues have become particularly salient in view of the widening regional and local disparities that have emerged and are discussed in consecutive NHDRs. For example, the municipal HDI, which calculated the level of human development for the country's 262 municipalities, has shown a correlation between low levels of human development and concentrations of ethnic minorities. This finding confirmed the degree to which the country's ethnic minority population has suffered severely from the effects of the transition period. The main ethnic minorities in the country are Turks and Roma, together constituting 15 per cent of the total population. Recent statistics show that up to 25 per cent of the poor in Bulgaria come from these ethnic minorities, two thirds of whom are from the Roma population. The situation of the Roma is the most depressed, with up to 70 per

cent of Roma of working age unemployed and many Roma families struggling to meet their basic needs. In addition, the Roma frequently have the lowest levels of education and are least likely to have access to professional medical services.

5. Twelve years after the transition began, active citizen participation in the decision-making processes at the local level is still relatively low, and instruments for popular participation need strengthening. Thus, the role of civil society actors, especially at the local level, requires strengthening. There are still too few independent civil society groups that are able to effectively articulate the legitimate demands of citizens. The country's record in human rights has improved over the past 10 years, and in January 2000 Bulgaria was removed from the list of countries subject to the special monitoring procedures of the Parliamentary Assembly of the Council of Europe.

6. Like many other countries, Bulgaria faces various environmental threats. The most serious environmental problems are located in specific areas (hot spots), where sources of pollution cause hazards to the health of the local population. Pollution in hot spots is mostly due to years of energy production and heavy industry. High concentrations of heavy metal particles and carbon dioxide in the air have been identified as a serious problem in many Bulgarian cities. However, economic crisis and unemployment have relegated environmental topics to the periphery of public debate and consciousness.

7. The Government of Bulgaria has made a commitment to steer the country into the EU, and as a result, many domestic policies are being engineered to meet EU accession criteria. The most recent *Regular Report of the Economic Commission on Bulgaria's Progress Towards Accession* (November 2000) reiterates previous judgements that Bulgaria already fulfils the political criteria for EU accession, and comments that the Government has been able to increase its administrative capacity with regard to staffing, planning and policy-making, although there remains some ground to be covered on this front. The report also notes that while progress has been made in several areas of economic reform, in the medium term, the country is still not in a position to successfully cope with the pressures of market forces in the Union. In addition, there remains a need for significant further efforts and resources to be devoted to the area of judicial reform.

8. The current Government has also stated its commitment to creating an environment for a market economy, improving the living conditions of ordinary people and fighting corruption. Some of the most urgent measures envisaged to help to achieve these goals include a radical reform of the tax system, reform of the customs service, the development of a privatization policy, cuts in state administration, an increase in the minimum salary and the creation of a state guarantee fund for micro-credits, which could also provide low-interest and interest-free loans aimed at promoting private initiative in municipalities with high unemployment.

II. Results and lessons of past cooperation

9. The first CCF for Bulgaria (January 1997 to December 2001) focused on two priority thematic areas: (a) reversing impoverishment and raising the quality of life of the population; and (b) promoting good governance for sustainable development. Although UNDP-supported projects during the first CCF fell under these two broad categories, other main UNDP themes (gender, ethnic minorities, human rights and the environment) were mainstreamed throughout the programme. This has resulted in additional achievements, such as the approval of an Equal Opportunities Bill (2001) for men and women and the abolition of the death penalty (1998). UNDP has supported public consultation and helped to build government capacities to design and adopt a new body of environmental legislation. In addition, job creation projects have helped to put some people from ethnic minorities back to work.

Achieving policy impact

10. The first CCF revealed the importance of showing concrete results. The strategy of demonstrating the utility of a particular approach to addressing a development problem and using this best practice to advocate a change in policy has achieved some notable results during the period of the first CCF. This is also illustrated by the expansion of the UNDP programme,

which had been Sofia-based, but now has national coverage, with UNDP-supported projects in all 28 regions of Bulgaria, covering some 100 municipalities. The strategy has been guided by the need to be "a social conscience for transition" in the country. UNDP has provided substantive inputs and support to the adoption of various social and public policy measures, such as the repeal of the death penalty, the establishment of a National Commission on Sustainable Development, assistance in the development of the fundamental conceptual basis and legislative actions for child welfare reform, equal gender opportunities legislation, a National Plan of Action for fighting HIV/AIDS, a Social Investment Fund pilot demonstration and legislation and a National Biodiversity and Conservation Plan. In addition, UNDP has provided substantive support to the formulation of a draft national strategy on the equalization of opportunities for people with disabilities.

11. One major achievement has been the absorption of job-creation modalities and policies originally piloted by UNDP into government planning as active labour market policies, which have also included government cost-sharing for the extension of specific projects. Job creation has been accompanied by the visible transformation of the urban environment in different towns and cities around the country, and this success has prompted municipalities to find ways to proceed with public works projects that could continue to refurbish urban centres, while also creating jobs for which unskilled workers receive training to qualify. In this respect, the Government and UNDP have utilized three job creation modalities, which have helped create over 14,000 temporary and permanent jobs.

12. The other major pillar of the first CCF concerned support to national and local initiatives to promote good governance and popular participation. UNDP has supported the development of a national dialogue on different aspects of government reform and social development in the country. Through annual NHDRs (1995-2001) UNDP has offered targeted options for decentralization and regional and local development. Both the municipal and regional human development indexes have become benchmark indicators for government policy and planning.

13. Two complementary modalities for civil society participation were also successfully tested. The lessons learned from a project implemented through Bulgaria's *Chitalishte* institution (a traditional, uniquely Bulgarian institution, with a countrywide network) demonstrated how to move from a pilot initiative to a national policy on *Chitalishte's* role as an engine for local community development and citizen participation. Together with UNDP support to local and national Agenda 21 strategies, UNDP has supported the design of holistic approaches that can incorporate environmental, gender, and social concerns into municipal development plans. At the national level, UNDP provided a major contribution towards the establishment of the National Commission on Sustainable Human Development, which is charged with the task of creating a National Agenda 21.

14. Supporting government efforts to build national legislation to protect the environment has been a key feature of the first CCF. Consultations with the Government and with civil society have helped with the adoption of national legislation on regional development, biodiversity, sustainable energy efficiency and water management. UNDP has supported a large project on reducing emissions of greenhouse gases and other environmental pollutants, involving municipal energy management and training and financing of activities, together with demonstrations in street lighting, district heating and building retrofit projects. To date, at least 30 municipalities have benefited from these management practices in energy efficiency.

Partnership

15. The achievements of the first CCF have proven that partnership and a "never alone" policy usually provide the best environment for executing a project idea and obtaining the highest level of impact, both in terms of popular support and governmental follow-up action. The "never alone" approach is and will continue to be based on working closely with all partners to formulate the substance and modalities of joint projects, in which UNDP provides visibility to such partners. In this context, UNDP has been able to forge relations with 25 co-financing partners. This success is based on a strategy of involving potential partners from the outset in the conceptualization of a new initiative or project. Through the "certified partners" scheme, the "never alone" policy also applies to partners that may be unable to provide financial support, but is integral to achieving the desired policy impact through their

expert advisory services. In general, UNDP has often used the services of local non-governmental organizations (NGOs) in its work, mainly as intermediaries and as important sources of information and expertise. Additionally, UNDP has supported NGOs in specific activities.

Capacity-building

16. The first CCF proved that sustained results can only be achieved through successful partnerships that build the capacity of national institutions or national agencies and organizations (utilizing the national execution modality). Through the joint management of projects, UNDP has helped to strengthen the capacity of the Ministry of Labour and Social Policy and local authorities in a variety of areas, particularly in negotiating and managing relations with donors and the internalization of high-quality project management procedures. Projects have often contained technical assistance components, which are essential for capacity-building, while internalization of projects within the Government's own institutions has helped to build capacity in various areas, such as the design and management of job-creation projects.

III. Objectives, programme areas and expected results

17. The role of UNDP resides within the context of Bulgaria's accession to the EU and is guided by government priorities in the area of strengthening sustainable human development. As such, the UNDP niche clearly relates to providing policy advice on the social dimensions of the transition process and ensuring that Government/donor priorities for steering Bulgaria into the EU do not overlook the needs and concerns of the country's most vulnerable groups (minorities, women, children, the disabled, refugees) and least-developed territorial districts.

18. Through the second CCF, UNDP aims to place poverty reduction at the heart of the Government's agenda. In line with this, programming will aim at fostering an environment for greater citizen participation and bringing decision-making closer to communities and individuals. Since poverty is one of the critical areas for UNDP work, UNDP and the Government will vigorously approach the issue of reducing poverty by 50 per cent by 2015, in line with the main global conference indicators of the past 10 years. In particular, this will include the goals of the World Summit on Sustainable Development in 2002 and the Government's efforts to fulfil commitments made at the Fourth World Conference on Women. Principle outcome indicators may be found in the table following chapter IV.

19. The thematic areas established in the first CCF, which targeted good governance, job creation and environmental protection, continue to be relevant in the current Bulgarian context and will form the central pillars of the second CCF. In this vein, UNDP will continue to disseminate and highlight for the Government and civil society best practices and lessons learned from operational activities. A critical dimension of the second CCF will be the continuation of the "never alone" policy and the maintenance and strengthening of both policy and operational partnerships. As part of this effort, UNDP will seek to forge and strengthen its partnerships with various government ministries, such as the Ministry of Labour and Social Policy, the Ministry of Regional Development, the Ministry of Economy, the Ministry of Health, the Ministry of Environment and the Ministry of Foreign Affairs. Partnerships with the World Bank on anti-poverty strategies and work with the Governments of the Netherlands and the United States on good governance will remain central to the overall success of the country office's work. UNDP will also strengthen its "certified partnership" scheme with key NGO think tanks, and will also seek closer relations with a broad network of civil society actors, including NGOs, academic institutions and, where appropriate, the media and the private sector. A critical partner from civil society will be the network of *Chitalishte*, and strategic partnerships with key media will be forged to provide UNDP with a public instrument for lobbying and advocacy. The private sector will be a key partner in the information and communications technology (ICT) for development initiative.

A. Job creation and support to pro-poor policies

Pilot demonstrations for policy impact

20. Past UNDP cooperation has focused heavily on demonstrating the effectiveness of innovative active labour market policies to support the Government's strategy for enlarging job opportunities and putting the long-term unemployed back into the job market. Through the second CCF, UNDP will support projects that aim to create some 10,000 permanent and temporary jobs. Towards this end, UNDP will provide assistance for the implementation of projects aimed at supporting the establishment of business support centers, particularly in economically depressed agrarian regions, thereby opening up opportunities for private sector development, especially among small and medium enterprises. Among other things, micro-financing schemes for small business start-up will be extended and will involve the establishment of 14 agribusiness centres, 7 joint agribusiness centres and business incubators and 3 business information centers will be established. UNDP will also support a pilot initiative aimed at providing employment opportunities for people of pre-retirement age, who, because of their age, usually find it difficult to compete in the job market. Support to the continuation of the successful "Beautiful Bulgaria" modality will continue, with a focus on creating self-financing mechanisms that will allow individual municipalities to support the schemes from their own resources. Through this effort, local authorities will be able to plan and organize locally public works schemes, and determine how such schemes can be maintained by the Government.

Policy advice

21. Previously established initiatives will also continue to be the basis for UNDP policy advice in the area of poverty alleviation during the second CCF. In this respect, the theme of poverty reduction will cut across all UNDP major support activities at the local level. At the national level, support and advice will continue in relation to the Government's development of an anti-poverty plan of action and a poverty line, the adoption of which will be in line with Bulgaria's commitment made at the 1995 World Summit for Social Development. UNDP will support the Government with policy advice and training for government officials related to the national Social Investment Fund, which will build on the experience gained from the previous UNDP-supported Regional Initiatives Fund project.

22. UNDP efforts will be coordinated with support provided by other donors to the Government, such as that of the World Bank. In connection to the pilot housing initiative, UNDP will support government plans to develop options for a comprehensive housing policy. Meanwhile, the production of regular NHDRs will be a feature of the second CCF, and the monitoring of the HDIs for Bulgaria's regions and municipalities will provide a basis for maintaining a dialogue with the Government on poverty reduction and regional development issues.

23. UNDP support to the United Nations Social Development Unit (UNSDU, a unit made up of national staff supported by the United Nations Children's Fund, the Joint United Nations Programme on HIV/AIDS, the United Nations Population Fund and UNDP) will also play a key role in fostering advocacy and debate on protecting and integrating Bulgaria's main vulnerable groups. With support from the donor community and particularly the Government of the United Kingdom, UNDP will support efforts to promote the integration of ethnic minorities through the use of the national media. One such activity will be the production of a television series focusing on inter-ethnic relations in Bulgaria. Within this context, support to the Government will continue on the implementation of the national strategy to fight the spread of HIV/AIDS, linked with the Government's health reform programme and emphasizing the empowerment of young people. This will involve technical support and various initiatives and campaigns to raise public awareness of the danger of HIV/AIDS, and will include a focus on primary prevention and both in and out of school health education initiatives. Through these approaches, UNDP will help to ensure that the HIV/AIDS issue is brought to the centre of the national policy debate.

B. Local good governance and management of national resources

Pilot demonstrations for policy impact

24. UNDP will continue its partnership and support to a national policy on the *Chitalishte* institution. The main objective in this area will be to help the *Chitalishte* to become centres for local community development, and vehicles for community concerns that can be directed to local decision-makers. Another dimension of this project will be to support certain *Chitalishte* to become information technology (IT) centres that can provide local citizens with affordable access to the Internet. This demonstration element will feed into a broader IT for development policy strategy (described below). The other side of UNDP support to local governance will be demonstrated through the "Model Municipality" initiative. The objective will be to bring together many of the best practices and lessons learned from working at the local level into one project, which will be implemented in an average municipality in the country. Through a pilot project, the Municipality of Razlog in south-west Bulgaria will be supported in adopting a number of measures, among which will be the promotion of effective and responsive municipal development planning, enhancing the accountability and responsiveness of the municipal administration and improving social service delivery. The National Association of Bulgarian Municipalities, a key partner in the project, will play an instrumental role in spreading best practices to other municipalities.

25. Management of natural resources was a key feature of the first CCF and will continue to be so in the Government's plans for the period 2002-2005. The Ministry of Environment and Waters, the Ministry of Agriculture and Forestry and UNDP will cooperate in a Global Environment Facility-funded programme that aims to integrate the sustainable management of natural resources with activities aimed at promoting sustainable livelihoods in the "the Rhodope Mountains" region of the country. This project is part of UNDP support to the implementation of the National Biodiversity Conservation Plan, which will help to mainstream environmental concerns into policy development planning. UNDP will support the already existing initiative on energy efficiency and continue to work on scaling up the lessons learned from the demonstration phase into a national policy on sustainable resource use. Key outputs in the area of natural resource management will be the development of two regional strategies on sustainable human development, the approval of two local Agendas 21, the establishment of two commissions on sustainable development and the establishment of 11 municipal energy efficiency offices.

Policy advice

26. The production of UNDP NHDRs will continue to provide a regular substantive input into enriching the national dialogue on development issues. Calculation of the regional and municipal HDIs will remain a feature of each report, while the themes of the reports will reflect salient development issues and provide concrete policy recommendations. UNDP will continue to provide technical assistance in a number of areas, including to the National Commission for Sustainable Development, Bulgaria's early warning system that continuously monitors socio-economic trends and indicators, and advice on decentralization policies, linked to the findings of local HDIs. One feature that will support this objective will be the effort to better coordinate development assistance to the country. In this vein, UNDP will work with the Government to establish and institutionalize an online database of development assistance information (a web-enabled version of the *Development Assistance Co-operation Report*, which has been produced regularly since 1995). The objective will be to have the database established within and maintained by the Government during the lifetime of the second CCF.

27. UNDP policy advice will also focus on a few additional strategic areas. UNDP will build on the momentum gained during the first CCF to work with the Government to establish and strengthen the national machinery for protecting the rights of women and to implement the equal opportunities bill adopted in 2001. Mainstreaming gender concerns will feature across the entire spectrum of UNDP projects and activities. Thus each project will have gender-disaggregated indicators, such as the number of women employed under the job creation portfolio, and municipal HDIs will continue to be gender disaggregated. This will help to bring attention to the obstacles faced by women and the pervasive gender gaps that exist in society. Another area for UNDP attention will relate to the development

of IT in the country. UNDP will support the Government in facilitating the widespread access of information and communication technologies, with the aim of ensuring that all citizens have the opportunity to make use of these facilities to improve their daily lives. In this context, UNDP will support the coordination of various efforts to adopt and implement the necessary legislative framework that will help to create the environment for widespread IT use. Specifically, UNDP will support an ICT government retreat at the ministerial level and provide advice on the establishment of an interministerial coordination unit for ICT strategy and development. Other UNDP-supported initiatives will cover IT for public administration, access to information by local communities and business-to-business communication. UNDP will also seek to support the work of volunteers and promote volunteerism in Bulgaria.

28. Some of these activities will support and benefit from the UNSDU policy dialogue. Thus, dialogue will be guided by three frameworks that were established by the Government with UNSDU support the during the period of the first CCF, namely, the National Strategy on HIV/AIDS, the National Programme on Reproductive Health and the Youth Programme, established through a participatory process in 2001. These frameworks will also offer the opportunity for integrated and joint programming. In this respect, an ongoing theme of the second CCF will be to support national policies that specifically target the needs of Bulgarian youth in areas such as employment, training and having a voice in decision-making processes at all levels. All these activities will act as entry points for dialogue with the central Government, local authorities, civil society actors and the academic world.

IV. Management arrangements

Execution and implementation

29. UNDP will continue to use national execution (NEX) as the dominant modality for implementing UNDP-supported projects and programmes. To support this, and as with the previous CCF, UNDP will strengthen the NEX modality, through training its future direct project and programme counterparts on UNDP rules and procedures for NEX. The services of the United Nations specialized agencies for the implementation of specific project and programme components will continue to be used as required. Cooperation with NGOs will be further expanded, particularly in relation to local-level initiatives.

Monitoring and review

30. Monitoring of the implementation of the CCF will be undertaken through the production of annual project progress reports, which will capture lessons learned and best practices. This will be complemented by meetings of relevant steering committees, which will involve the participation of key government counterparts, NGO representatives, United Nations agencies as well as donors directly involved in UNDP programme areas. Strategic results frameworks (2000-2003) have been designed for each of the main focus areas of the second CCF.

Annex

Resource mobilization target table for Bulgaria (2002-2005)

Source	Amount (In thousands of United States dollars)	Comments
UNDP regular resources		
Estimated carry-over	354	
TRAC 1.1.1	2 148	Assigned immediately to country
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	108	
Subtotal	**2 610**[a]	
UNDP other resources		
Government cost-sharing	4 000	
Third-party cost-sharing	9 220	
Funds, trust funds and other	4 200	GEF
Subtotal	**17 420**	
Grand total	**20 030**[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = Global Environment Facility; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core.